

**ROCKLEDGE FIRE EMPLOYEES' RETIREMENT BOARD
MEETING MINUTES**

Friday, August 23, 2019

CALL TO ORDER

The Rockledge Fire Employees' Retirement Board held its quarterly meeting on Friday, August 23, 2019 in the Council Chamber of Rockledge City Hall, 1600 Huntington Lane, Rockledge, Florida.

MEMBERS PRESENT: Chairman Jeptha Sunday, Fifth Member
Mike McCaleb, Fire Representative
Ed Syfrett, Fire Representative
Tim Matson, Resident Member
John Mulkey, Resident Member

STAFF/CONSULTANTS: Kenneth Harrison, Board Attorney - Sugarman & Susskind*
Chad Little, Actuary - Freiman Little Actuaries
Tyler Grumbles, Investment Consultant – AndCo Consulting
Karan Rounsavall, Plan Administrator
Brenda Fettrow, City Manager
Matthew Trine, Finance Director

Chairman Sunday called the meeting to order at 9:00 a.m. A quorum was in attendance.
*Attorney Harrison attended the meeting via video conferencing (i.e. Skype).

APPROVAL OF MINUTES

Joint Quarterly Meeting of May 17, 2019

Member Mulkey moved to approve minutes for the May 17, 2019 joint quarterly meeting as submitted. Member Matson seconded the motion and it carried unanimously.

OLD BUSINESS

Status report on restatement of retirement plan document

Board members were in receipt of the final restatement document which included clarifying language related to “*spousal consent/notice*” along with the actuarial impact statement (dated August 23, 2019). The actuary’s statement found that there was no anticipated material impact on plan funding related to the restatement. Plan Administrator Rounsavall advised that both bargaining units representing members of the Rockledge Fire Retirement Plan recently approved a reduction in the interest paid on refund of contributions from five percent to one and one-half percent. This change was not included in the restatement; it needed to be handled as a separate ordinance.

Member McCaleb moved to accept the final plan restatement as presented and to forward same, along with impact statement, to city staff for placement on a future city council agenda for action. Member Syfrett seconded the motion and it carried on an all yes vote.

NEW BUSINESS

Discussion and possible action related to proposed ordinance amending plan document to presume that a diagnosis of certain cancers was incurred in the line of duty for disability and death benefit purposes

During its 2019 session, the Florida State Legislature enacted a new law providing that a firefighter was considered to be totally and permanently disabled in the line of duty due to a diagnosis of certain cancers as defined in Section 112.1816(1), *Florida Statutes*. The same provisions related to benefits payable upon death (i.e. a firefighter was considered to have died in the line of duty if they died as a result of certain cancers). Board members were in receipt of a draft ordinance.

Attorney Harrison advised that the proposed ordinance incorporated the statutory language; implementation rules were pending. Actuary Chad Little mentioned that the proposed ordinance should not have an impact on the plan from a funding perspective.

Member Mulkey moved to forward the proposed ordinance related to cancer presumption to the actuary for preparation of a statement of no impact. Member Matson seconded the motion which carried on an all yes vote.

Approval of administrative expense budget for Plan Year 2019/2020

The Retirement Board was in receipt of the proposed budget for Plan Year 2019/2020 as prepared by the plan administrator. Pursuant to *Florida Statutes*, the Board was required to adopt and operate pursuant to an administrative expense budget each year. The budget included all administrative expenses (e.g. actuary, legal, investment consultant, custody, administration, insurance, etc.) but did not include investment management fees. The proposed budget for 2019/2020 was \$103,950 which was less than the adopted budget for 2018/2019. Further, estimated expenses for Fiscal Year 2018/2019 were less than budgeted.

Plan Administrator Rounsavall reviewed individual line items in the proposed budget. She mentioned that three trustees currently held the Certified Public Pension Trustee (CPPT) designation. Ongoing attendance at educational sessions was required to maintain the CPPT designation.

Member Mulkey moved to approve the proposed budget for Plan Year 2019/2020 in the amount of \$103,950 as presented. Member McCaleb seconded the motion which carried unanimously. Note: Later in the meeting, the Retirement Board voted to approve a special actuarial study and increased the proposed budget by \$3,000 (Total: \$106,950).

Plan Administrator Rounsavall would provide the adopted budget to the city staff (plan sponsor) for posting on the City's web site and ensure that copies were posted on bulletin boards in each of the fire stations for plan members.

Acknowledge pending receipt of 2018 premium tax distribution in the amount of \$155,265.95

It was noted that these funds were received by the City in the past week and sent to Salem Trust for investment.

Reconsideration of plan amendment to allow cross credit for vesting purposes only between the Rockledge Retirement Plans

At several meetings in 2017, the Rockledge Retirement Boards jointly considered the concept of cross credit but ultimately voted to take no action. Cross credit allowed an employee who was hired as a member of one retirement plan, and later hired as a member of another plan to retain their credited service in both plans for vesting purposes. Since that time, circumstances had arisen in other plans that brought the matter back to the forefront. All three boards would need to adopt cross credit provisions for it to operate effectively.

City Manager Brenda Fettrow advised that city staff's position on cross credit had not changed since 2017. There was no interest in pursuing it. Attorney Harrison mentioned the potential vulnerability in another plan and encouraged the board to seriously consider it. It would be considered a benefit change and a memorandum of understanding with the affected bargaining units would be needed.

As cross credit was a matter that involved all retirement plans, Member Mulkey moved to defer to the next quarterly meeting in November, which would be a joint meeting. Member McCaleb seconded the motion; it carried on an all yes vote.

Discussion and possible action to establish policy as to length of time allowed for a member to commence payments following receipt of actuarial buyback calculation for prior military service

Plan Administrator Rounsavall advised that a police officer recently purchased prior military service. She noticed that the plan document did not reference the amount of time that a participant had to take action to purchase prior service after receiving their actuarial calculation/cost. Actuary Little mentioned that this timeframe was typically 90 days and that the member paid all expenses associated with the calculation.

Member McCaleb moved to establish board policy such that a member electing to purchase additional credited service must commence payments to the retirement plan within 90 days of receipt of the actuarial buyback calculation. Member Mulkey seconded the motion which carried unanimously.

Attorney Harrison would draft a policy for the Board's consideration at the next meeting.

Discussion and possible action to allow purchase of credited service for prior fire service

The current plan document only allowed buyback of credited service for time served in the military. Attorney Harrison explained that most retirement plans in the State also allowed the purchase of prior fire service. Such a provision also served as a good recruiting tool for the fire department.

Member Syfrett moved to direct the attorney to prepare an ordinance (amendment to plan document) to allow the buyback of credited service for prior fire service as well as prior military service. Member McCaleb seconded the motion which carried on an all yes vote.

Attorney Harrison would draft an ordinance providing same.

REPORTS & COMMUNICATIONS

Report: Investment Consultant (Tyler Grumbles, AndCo Consulting)

- Performance Report for quarter ended June 30, 2019

Mr. Grumbles delivered the Investment Performance Report for the quarter ended June 30, 2019. Although it was a very volatile quarter, both domestic and international equities posted positive results. With federal monetary policy pushing interest rates lower, fixed income returns were also positive with gains around three percent. Economic growth started to slow; this would fuel further volatility in the markets. In fact, equities suffered a major pullback since June 30th.

Total market value as of June 30, 2019 was \$11,872,351 up from \$11,679,068 for the previous quarter ended March 31, 2019. On a percentage basis, the composite portfolio was up 3.33 percent for the quarter (gross) which ranked in the 44th percentile of public plans. Fiscal year to date, the fund was up 3.19 percent (ranking in the 51st percentile of public plans). The portfolio's value as of the previous day was \$11,826,009.

Domestic equities were slightly underweight at 49 percent but well within target ranges; no rebalancing was recommended.

The Fire Retirement Board acknowledged receipt of the investment performance report as presented.

- Status report on Brookfield Super-Core Infrastructure Fund, including request for letter of tax exemption from Canadian Revenue Agency in the event the fund acquired any Canadian assets

At the quarterly meeting on February 22, 2019, each retirement board authorized an investment with Brookfield Super-Core Infrastructure Partners at a five percent allocation. Mr. Grumbles reported that the appropriate investment management agreements and side letters were now in place. He expected the first capital call after the first of the year.

There was a final matter to be addressed regarding the Brookfield investment. The Retirement Board needed to request a letter of exemption from the Canadian Revenue Agency. If at any point the Brookfield Fund purchased Canadian assets, the proceeds would be taxed at a 25 percent rate without such an exemption letter. Sugarman & Susskind (legal counsel) was able to make application for an exemption, however, this type of work was not anticipated under the firm's retainer, thus an hourly charge.

Member Matson moved to authorize Attorney Harrison to prepare the Canadian exemption paperwork (anticipated to take a couple of hours of legal work). Member Mulkey seconded the motion and it carried unanimously.

Report: Actuarial Consultant (Chad Little, Freiman Little Actuaries, LLC)

Mr. Little briefly mentioned long-term expectations of return as reported by the JP Morgan capital markets study. He encouraged the retirement board to continually lower their expected annual rate of return.

Report: Board Attorney (Kenneth Harrison, Sugarman & Susskind) – No Report

Report: Plan Administrator (Karan Rounsavall)

Educational Opportunities:

- Florida Public Pension Trustees' Association (FPPTA) Fall Trustees School in Ponte Vedra Beach (October 6-9, 2019)
- Florida Division of Retirement Annual Police Officers' & Firefighters' Pension Trustees' Conference in Orlando (October 29-31, 2019)

If any member wished to attend, they were to contact the plan administrator at their earliest opportunity.

The next quarterly meeting was scheduled for November 22, 2019. This would be a joint meeting of all three retirement boards.

PUBLIC COMMENT

City Manager Brenda Fettrow and Firefighter Dustin Brewer, representing the Internal Association of Fire Fighters (IAFF), jointly addressed the Retirement Board. Negotiations were concluded and a ratification vote by members was expected in the near future. Looking forward to future negotiations, there was mutual interest by both parties to gather information as to the cost to raise the multiplier from 2.75 percent back to 3.0 percent for new hires as well as those plan members hired since 2012 who were subject to the 2.75 percent multiplier. The fee quote from the actuary to perform this study was \$3,000.

Since Mr. Little worked for the Retirement Board, a motion to approve the study was in order. *Member McCaleb moved to approve the study to determine cost to raise the multiplier back to three percent for all participants at a cost of \$3,000 to be borne by the Fire Retirement Board. Member Syfrett seconded the motion and it carried unanimously.*

Member McCaleb then moved to reconsider the budget for Fiscal Year 2019/2020. Member Mulkey seconded the motion which carried on an all yes vote.

Motion to adopt the proposed budget was on the floor. Member McCaleb then moved to increase the line item for actuary services from \$30,150 to \$33,150 for a total administrative expense budget for Fiscal Year 2019/2020 of \$106,950. Member Syfrett seconded the motion and it likewise carried unanimously.

ADJOURN

The meeting adjourned at 10:20 a.m.

Submitted by:

Approved by:

Karan Rounsavall, Plan Administrator

Jeptha Sunday, Chairman